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Governor Details Economic Development Opportunities

BY JOHN BAUR — MAY 22, 2014

Gov. John deJongh Jr. delivers the keynote speech at the USVI Economic Development Summit. (Government House photo)



[1]The troubled international economy has led the U.S. Virgin Islands to come up with a "new paradigm" for development, Gov. John deJongh Jr. said Wednesday during the keynote address to the USVI Economic Development Summit in Atlanta.

DeJongh talked about his worst day as governor, his best day, and his optimism for an even better best day before he leaves office by the end of the year, as he highlighted directions the territory is moving to build a better future.

Those efforts the include seeking to dredge Schooner Bay in Christiansted Harbor to create a second St. Croix destination for cruise ships; supporting marina and resort development

on St. John; using the territory's resources to leverage investment by developers; and continuing to build knowledge-based businesses through the Research and Technology Park and the Virgin Islands Next Generation Network.

"I have now served as governor seven years, four months and 21 days – but who's counting?" deJongh said in his luncheon address. "I have gone through the worst day possible to the best day to my optimism of another best day."

The worst day was Jan. 19, 2012, deJongh said. He recounted the struggles officials had gone through to address the economic downturn and the razor-thin budget. Revenues were beginning to look up, and the governor said he was beginning to be optimistic.

Then he received a phone call from Hovensa officials telling him the company was about to close the refinery that had been the economic foundation of St. Croix for decades, laying off more than 1,500 people.

"In one fell swoop the largest employer on the island of St. Croix, at a cost of 12 percent of our personal income, over \$500 million in our gross territorial product, over \$100 million in revenues that come to the government, had made a business decision," he said.

The government was immediately thrown into a maelstrom over how to protect the refinery's employees, make sure the V.I. Water and Power Authority – which had never before had to buy fuel on the market – could continue, deJongh said, "but most importantly, how do we determine the economic future of St. Croix and the Virgin Islands going forward? How do we get businesses to realize there's light at the end of the tunnel? How do we have the confidence to stand up?"

"That was the worst day of being governor of the Virgin Islands."

The best day, other than when he took office, was not actually a single day, but the culmination of several efforts that pointed the way for the territory's future – signing the agreement for the Diageo distillery, which opened a new stream of revenue for the territory, and the four grants which together allowed the creation of viNGN, the territorywide broadband network that has prompted the creation of computer centers on all three islands and the potential for new businesses.

Reflecting on his best and worst days, the governor said the hard times forced hard decisions that have put the territory in a position to move forward.

"It was between those two days ... that I think the paradigm shifted," the governor said. "It was something forced on us. We had to get rid of the model we had been dependent on since the 1960s," when the U.S. ban on travel to Cuba pushed the islands into a prominence. That embargo, now more than 50 years on, seems likely to be dropped soon, and the territory needs to plan for the new competition.

On St. Thomas, officials are working to diversify their products by expanding the West Indian Company pier, looking at another pier, downtown development and building on Veterans Drive, and doing more with Crown Bay. But the mindset is different, the governor said.

"No longer are we interested in just having you give us visitors, passengers. We want you to invest. We want the certainty of knowing if you invest in the Virgin Islands, that we'll have consistency of traffic."

On St. Croix, the government is looking at creating a second destination for cruise ships. Legislation has been introduced to allow dredging of the channel into Schooner Bay in Christiansted Harbor, giving St. Croix two ports at the opposite ends of the island.

DeJongh said the government is spending more effort to develop marinas.

"On St. John we're supporting the development of the marina in Coral Bay that will diversify the activity out of Cruz Bay but also give us a central point for resort development" and a school, he said, adding that there has also been some planning for a small resort hotel on Water Island.

The governor said he is optimistic that an even bigger day is coming – the purchase and reopening of the idled Hovensa refinery.

Despite skepticism that the facility could ever operate again, the governor negotiated with its owners to set up a sales process, then negotiated with the Legislature to get its approval. Now that sale process is under way, and deJongh is hopeful.

"There's been a tremendous amount of interest," he said.

Part of that hope is based on St. Croix's strategic location. With the widening of the Panama Canal, a steady stream of goods are expected to pass through the Caribbean. According to deJongh, St. Croix has been eyed as a transshipment point for goods bound for East Coast destinations and down island, and that could include petroleum products.

"St. Croix sits in a very strategic position," he said.

And the territory can use its resources and its position to leverage investment that will fuel economic growth, he said.

"When I sit back and I think about the 21st century and the diversification of our economy, we will have hotel development, we will have cruise ship growth, we will have marinas like we never had before," deJongh said.

"We have an EDC (Economic Development Commission) program and a Research and Technology Park program that will attract businesses," he continued.

"We will have large companies that will come in, but we will have Virgin Islanders that are entrepreneurial enough to see the opportunities in this those companies to step out and to take advantage of them going forward."

The USVI Economic Development Summit is hosted by the USVI Alliance, a Maryland-based organization dedicated to bridging the gap between the Virgin Islanders now living stateside and the local Virgin Islands community to collaborate on such issues as economic development. The group was formed in February 2013 to produce the first USVI 2013 Economic Development Summit, which convened Virgin Islands leadership, business executives, and Virgin Islanders from around the diaspora.

The two-day summit brings together academia, industry, government and Virgin Islanders on the mainland to identify ways in which the V.I. diaspora can reconnect and contribute their technical skills and talents to benefit the community.

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